

C O P Y

Se

CL85/L4-3(410182)

January 22, 1941

Sirs:

By letter of January 18, 1940, (No. CL84/L4-3(401216)), the Secretary of the Navy authorized changes in contract N0d-1497 of September 9, 1940, whereby the number of Light Cruisers to be constructed under this contract was decreased from five to three, Light Cruisers Nos. 84 and 88 being cancelled.

In order to bring the Supplemental Contract N0d 1538 into conformity with the above changes, the Secretary of the Navy hereby authorizes the following change in this Supplemental Contract:

Here 1:

In the second paragraph on this page, fifth typewritten line, delete the words and figures "Nos. CL84 to 88, inclusive" and substitute therefor the words and figures "Nos. CL85 to 87, inclusive."

It is requested that receipt of this letter be acknowledged.

Respectfully,

/s/ James Forrestal,
Acting Secretary of the Navy

Federal Shipbuilding and Dry Dock Company
Kearny, New Jersey

BuShips
BuS&A
Comp. Bd.
SupShip, Kearny
G.A.O. (Audit Div.)

the contractor shall be entitled to the same compensation as if the construction of such vessels or other facilities were not suspended or cancelled.

ART. 8. The contractor hereby grants to the Secretary of the Navy the use of the Facilities for the construction of such vessels or other facilities as may be directed by the Secretary of the Navy. The Facilities are no longer necessary for the National Defense, which shall be the duty to operate the Facilities as a part of the plant of the contractor without compensation for its services except as provided for herein or by other agreement. During such period in which the contractor shall operate the Facilities, the contractor will, at its own expense, keep them insured against damage and provide all reasonable protection and maintain them in good working order and condition, ordinary wear and tear excepted; *Provided, however*, That the foregoing provision shall not prevent the contractor from apportioning such expense as a part of the cost of performing other work at its said plant. The contractor shall, during the period of the construction of such vessels and during the national emergency declared by the President of the United States on September 8, 1939, to exist, give priority in the use of these Facilities for Department work on National Defense.

ART. 9. (a) This contract or any part thereof may at any time be suspended or cancelled by the Secretary of the Navy, with the effect as hereinafter prescribed.

Suspension and cancellation.

(b) In case the construction and installation of the Facilities are suspended the contractor, upon receipt of written notice of such suspension, shall promptly stop all work in connection therewith, except as otherwise directed by the Secretary of the Navy and, during the period of such suspension, shall care for the Facilities and all materials and equipment on hand for the construction thereof. It shall also promptly furnish to the Secretary of the Navy copies of all outstanding orders for materials, equipment, and services and shall take such action relative to such orders as may be directed by the Secretary of the Navy. If such construction and installation is thus suspended, the contractor will be entitled to be reimbursed for all additional expense as determined by the Compensation Board incurred by reason of such suspension; this additional expense shall include (1) the cost of any special work directed by the Secretary of the Navy that would not have been necessary had the construction of the Facilities not been suspended; (2) the cost of care and preservation of the Facilities, materials, and equipment during the period of suspension; (3) any additional payments for which the contractor is liable by reason of the suspension or cancellation of orders for material or work that may be directed by the Secretary of the Navy; (4) the increased cost, if any, due to the resumption of work after its suspension; (5) any other reasonable expense the contractor shall have incurred on account of the suspension.

(c) In case this contract is cancelled by the Secretary of the Navy, the contractor, upon receipt of written notice of such cancellation, shall immediately stop all work in connection with the construction of the Facilities provided for hereunder, except as otherwise directed by the Secretary of the Navy. If this contract is thus cancelled, the contractor will be entitled to payment for all work done to the date of receipt of notice of cancellation and to reimbursement for all additional expense, as determined by the Compensation Board, incurred by reason of such cancellation; this additional expense shall include: (1) The cost of any work directed by the Secretary of the Navy that would not have been necessary had this contract not been thus cancelled; (2) The cost of care and preservation of the Facilities, materials, and equipment prior to removal or other disposition thereof as directed by the Secretary of the Navy; (3) Any other reasonable expense including subcontractors' cancellation charges and reasonable compensation for the use of the property of the contractor occupied or required by the Facilities, materials, and equipment until final disposition thereof, as determined by the aforesaid Board.

Cancellation.

(d) The increased compensation to which the contractor will be entitled by reason of the suspension or cancellation will be determined by the Compensation Board. As soon as practicable after the suspension or cancellation is ordered, the Board shall determine the amount to be allowed the contractor. The amounts so determined, when approved by the Secretary of the Navy, shall be the amounts to which the contractor will be entitled in full settlement of the costs of such suspension or cancellation.

Compensation on suspension or cancellation.

(e) If there shall be an interval of time between the completion of the construction of such vessels and final disposition of the Facilities, the Department shall enter into an agreement with the contractor to provide for the preservation, maintenance, and protection of the Facilities.

Maintenance agreement.

ART. 10. The contractor hereby grants to the Department an option, to be exercised within a period not to exceed ninety (90) days after the date of the preliminary acceptance of the last of such vessels or after the cancellation of the contracts therefor, to require the contractor to maintain and preserve the Facilities covered by this contract in such state of repair as to insure full availability and usefulness for national defense purposes at any and all times during a period of not to exceed five (5) years after the exercise of such option: *Provided*, That payment of the cost of the maintenance and preservation thereof and of other related expenses shall be provided for by a subsequent agreement: *And provided further*, That during such 90-day period the Department shall have full access to such Facilities for the necessary protection of the Department's interest therein.

Preservation of facilities for National Defense.

ART. 11. (a) Upon the determination by the Secretary of the Navy that the Facilities are no longer necessary for the purpose of the National Defense, or (b), upon the expiration of such option if the Department shall not exercise the 90-day option in Article 10 hereof, or (c), if the Department shall exercise such option, upon the expiration of the period during which the contractor shall have been obligated to maintain and preserve the Facilities covered by this contract, whichever shall first occur, the Compensation Board of the Navy Department will determine the fair value of the Facilities and make a final inventory thereof. For the purposes of this Article, the Facilities shall be classified as follows: (1) those Facilities which are readily removable and (2) those Facilities which are not readily removable. The Department will furnish the contractor with copies of the appraisal. If it is mutually agreed that the contractor purchase the Facilities or any part thereof, it shall pay to the Department an amount agreed upon under such terms and conditions as shall be prescribed by the Secretary of the Navy; but if such an agreement cannot be reached, the Department may, and, if required by the contractor to do so, shall, thereupon enter the plant of the contractor and demolish or remove any

Final disposition of Facilities.

are applicable to the contract, and the contractor shall be bound by the provisions of the Act, and the regulations issued by the Secretary of Labor pursuant thereto, in all matters not otherwise provided for in the contract.

(c) It is hereby agreed that the contract shall be performed in accordance with the representations and stipulations of the Act, and the regulations issued by the Secretary of Labor pursuant thereto, as follows:

(1) The contractor is the manufacturer of or a regular dealer in the materials, supplies, articles, or equipment to be manufactured or furnished in the performance of the contract.

(2) All persons employed by the contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment to be manufactured or furnished in the performance of the contract shall be paid, without subsequent deduction or rebate on any account, not less than the minimum wages as determined by the Secretary of Labor to be the prevailing minimum wages for persons engaged in similar work or in the production of similar goods or services, or to be manufactured or furnished under such contract. *Provided, however,* That this stipulation with respect to minimum wages shall apply only to purchases or contracts relating to such industries as have been the subject matter of a determination by the Secretary of Labor.

(3) No person employed by the contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment to be manufactured or furnished in the performance of the contract shall be permitted to work in excess of 8 hours in any one day or in excess of 48 hours in any one week, and each person is paid such applicable overtime rate as has been set by the Secretary of Labor.

(4) No male person under 16 years of age and no female person under 18 years of age and no convict labor shall be employed by the contractor in the manufacture or production or furnishing of any of the materials, supplies, articles, or equipment included in such contract.

(5) No part of the contract work shall be performed nor any of the materials, supplies, articles, or equipment shall be manufactured or furnished under such contract be manufactured or fabricated in any plants, factories, buildings, or surroundings or under working conditions which are unsanitary or hazardous or dangerous to the health and safety of employees engaged in the performance of said contract. Compliance with the safety, sanitary, and factory inspection laws of the State in which the work or part thereof is to be performed shall be prima facie evidence of compliance with this subsection.

Any breach or violation of any of the foregoing representations and stipulations shall render the party responsible therefor liable to the United States of America for liquidated damages, in addition to damages for any other breach of the contract, in the sum of \$10 per day for each male person under 16 years of age or each female person under 18 years of age, or each convict laborer knowingly employed in the performance of such contract, and a sum equal to the amount of any deductions, rebates, refunds, or underpayment of wages due to any employee engaged in the performance of such contract; and, in addition, the agency of the United States entering into such contract shall have the right to cancel same and to make open-market purchases or enter into other contracts for the completion of the original contract, charging any additional cost to the original contractor. Any sums of money due to the United States of America by reason of any violation of any of the representations and stipulations of said contract as set forth herein may be withheld from any amounts due on such contract or may be recovered in a suit brought in the name of the United States of America by the Attorney General thereof. All sums withheld or recovered as deductions, rebates, refunds, or underpayment of wages shall be held in a special deposit account and shall be paid, on order of the Secretary of Labor, directly to the employees who have been paid less than minimum rates of pay as set forth in such contracts and on whose account such sums were withheld or recovered; *Provided,* That no claims by employees for such payments shall be entertained unless made within 1 year from the date of actual notice to the contractor of the withholding or recovery of such sums by the United States of America.

The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

The foregoing stipulations shall be deemed inoperative if the contract is for a definite amount not in excess of \$25,000.

Until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation (3) shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any one week or part thereof an employee is engaged in work covered by the contract stipulations, shall be computed after 8 hours in any one day or after 40 hours in any one week during which no single daily period of employment may be in excess of 8 hours without payment of the overtime rate.

The stipulations affecting employees shall be deemed applicable only to employees engaged in or connected with the manufacture, fabrication, assembling, handling, supervision, or shipment of materials, supplies, articles, or equipment required under this contract and shall not be deemed applicable to office or custodial employees.

The contractor subject to the representations and stipulations embodied herein shall maintain the following records of employment which shall be available for the inspection and transcription of authorized representatives of the Secretary of Labor:

- (a) Name, address, sex, and occupation of each employee covered by the contract stipulations.
- (b) Date of birth of each such employee under 21 years of age.
- (c) Wage and hour records for each such employee including the rate of wages and the amount paid each day period, the hours worked each day and each week, and the period during which each such employee was engaged on a Government contract with the number of such contract. Compliance with this subsection shall be deemed complete if wage and hour records for all employees in the plant are maintained during the period between the award of any Government contract and the date of delivery of the materials, supplies, articles, or equipment; *Provided,* That where no separate records for employees engaged on Government contracts are maintained, it shall be presumed until affirmative proof is present to the contrary that all employees in the plant, from the date of award of any such contract until the date of delivery of the materials, supplies, articles, or equipment, were engaged on such Government contract.

ART. 16. In the performance of the work covered by the contract the contractor, subcontractors, material men, or suppliers shall use only such unmanufactured articles, materials, and supplies, as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States; the foregoing provision shall not apply to such articles, materials, or supplies of the class or kind to be used or such articles, materials, or supplies from which they are manufactured, as are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality, or to such articles, materials, or supplies as may be excepted by the head of the Department under the proviso of Title III, section 3, of the Act of Congress approved March 3, 1933 (41 U. S. C. 10).

ART. 17. This contract shall not, nor shall any interest therein, be transferred by the contractor to any other person or persons.

ART. 18. The contractor warrants that he has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Department the right to terminate the contract, or, in its discretion, to deduct from the contract price or consideration the amount of such commission, percentage, brokerage, or contingent fees. This warranty shall not apply to commissions payable by contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

Representations and stipulations pursuant to the Walsh-Healey Act

Domestic preference.

Not transferable.

Covenant against contingent fees.

ART. 19. No Member of or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

Dispute.

ART. 20. Except as otherwise specifically provided in this contract, if any doubts or discrepancies arise concerning any question hereunder or as to anything in the plans or specifications, or if a discrepancy appears between said plans or specifications and this contract, the matter shall be referred at once to the Secretary of the Navy for determination; and his decision in the premises shall be conclusive and binding upon the parties hereto.

Changes in contract.

ART. 21. The following changes were made in this contract before it was signed by parties thereto:

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

/s/ W. B. Woodson

Judge Advocate General.

As to **James Forrestal**
Secretary of the Navy.

Acting

THE UNITED STATES OF AMERICA

By /s/ James Forrestal
Acting Secretary of the Navy

Federal Shipbuilding & Dry Dock Co.,
Contractor

Re /s/ L. V. Korndorff
President

(H. 1000-1)

Two witnesses:

/s/ H. C. Hansen

/s/ E. C. Ever

L. F. J. McWilliams

1. H. Kornblorff

ASSENT OF SURETIES

the undersigned, in and to the contract on the performance of the contract, under the contract, and in and to the ship construction contract, and the work of the vessel vessel, referred to in the supplemental contract to which this act is hereby consent to the amendments and additions covered by the said supplemental contract and hereby expressly agree that our bond, previously executed guaranteeing the performance of the ship-construction contracts, and the payment to all persons supplying labor material in the prosecution of the work as provided in the ship-construction contract, so contain in full force and effect notwithstanding the amendments thereto and the additional obligations assumed under the said supplemental contract, and such bonds are hereby expressly left to cover all such amendments and additional obligations assumed thereunder.

Rest:

Geo. K. Leet

Secretary

J. Kepler

UNITED STATES STEEL CORPORATION

/s/ G. L. Edwards

Treasurer

Surety.

/s/ Mary M. Page

/s/ Raymond S. Page

Surety.

Surety.

Surety.

Surety.

NAVY DEPARTMENT
APPROVED

/s/ W. B. WOODSON

Judge Advocate General
of the Navy

Surety.

Surety.

Surety.

Surety.

Surety.

Surety.

Surety.

Surety.

Surety.